MIE5 Holding 10 ApS

Gammeltorv 18
1457 Copenhagen K
CVR No. 42336726

Annual report 20.04.2021 - 31.12.2021

The Annual General Meeting adopted the annual report on 27.10.2022

Jakob Vestergaard Jensen
Chairman of the General Meeting

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Entity details

Entity

MIE5 Holding 10 ApS

Gammeltorv 18

1457 Copenhagen K

Business Registration No.: 42336726

Registered office: Copenhagen

Financial year: 20.04.2021 - 31.12.2021

Executive Board

Mads Peter Hytteballe Andersen

Kristoffer Møller Pedersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of MIE5 Holding 10 ApS for the financial year 20.04.2021 - 31.12.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 20.04.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 27.10.2022

Executive Board

Mads Peter Hytteballe Andersen **Kristoffer Møller Pedersen**

Independent auditor's report

To the shareholders of MIE5 Holding 10 ApS

Report on the audit of the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of MIE5 Holding 10 ApS for the financial year 20.04.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 20.04.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor’s responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Report on other legal and regulatory requirements

Non-compliance with the provisions of the Danish Financial Statements Act on submission of annual reports

The Entity has presented the annual report for the period 1 January to 31 December 2021 too late pursuant to the requirements of section 138 of the Danish Financial Statements Act, for which reason Management may be held liable.

Aarhus, 27.10.2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Bach
State Authorised Public Accountant
Identification No (MNE) mne19691

Chris Middelhede
State Authorised Public Accountant
Identification No (MNE) mne45823

Management commentary

Financial highlights

	2021 DKK'000
Key figures	
Revenue	167,403
Gross profit/loss	15,112
Operating profit/loss	4,252
Net financials	159
Profit/loss for the year	4,411
Profit for the year excl. minority interests	5,182
Balance sheet total	750,338
Investments in property, plant and equipment	453,809
Equity	366,587
Equity excl. minority interests	187,130
Ratios	
Gross margin (%)	9.03
Net margin (%)	2.63
Equity ratio (%)	24.94

MIE5 Holding 10 ApS acquired the majority of Genan Holding A/S as of 14 October 2021. The operating activity covers only 2½ months.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):
Gross profit/loss * 100
Revenue

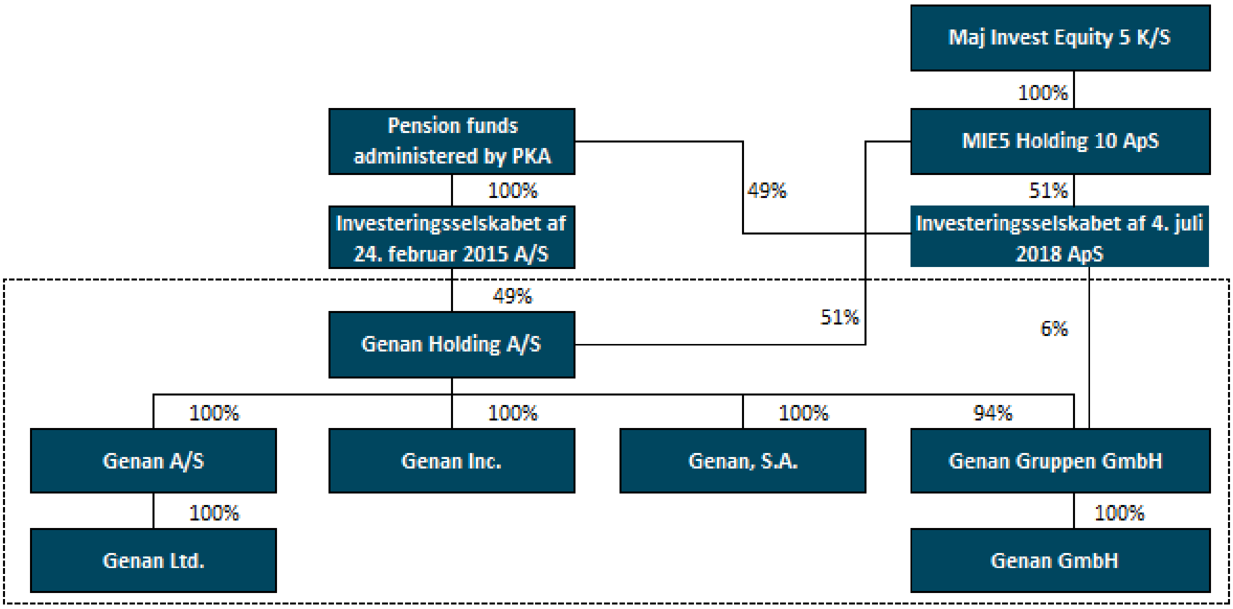
Net margin (%):
Profit/loss for the year * 100
Revenue

Equity ratio (%):
Equity excl. minority interests * 100
Balance sheet total

Primary activities

The activity of MIE5 Holding 10 ApS Group is ownership of Genan Group which main activity is production and sale of rubber powder, granulates and pellets manufactured through the recycling of tyres and activities closely connected hereto.

Group structure as per 31 December 2021:



On Ocbtober 14 2021, Maj Invest Equity 5 K/S via MIE5 Holding 10 ApS acquired the majority of shares from PKA (or more precisely: from the pension funds administered by PKA). Genan Group is thus ultimately owned by Maj Invest Equity 5 K/S as majority shareholder and pension funds administered by PKA as minority shareholders.

The Group operates six tyre recycling plants around the globe: one in Denmark, three in Germany, one in Portugal and one in the USA. In total, the Group employs approx. 320 employees worldwide. Total production capacity is more than 400,000 tonnes of end-of-life tyres (ELT), equivalent to a maximum output of approx. 295,000 tonnes of rubber products, 60,000 tonnes of steel and 45,000 tonnes of textile fibres.

Development in activities and finances

The net result of the year was 4.4 MDKK, and the equity excluding minorities hereafter amounts to 187.1 MDKK, equalling an equity ratio of 24.9%.

Revenue in the Group developed very positively in 2021, showing an increase of 23% compared to Genan Group in 2020. This was both because of a positive development in the sale of rubber products and because of very high steel prices in 2021. Despite the positive impact on revenue, the gross margin decreased from 31.3 in 2020 to 24.6 in 2021. This was because of very high energy costs and freight costs – overland transportation as well as carriage by sea. Apart from the negative impact on freight, there was only limited COVID-19 impact for the Group in 2021.

Management considers the result for the period 14 October - 31 December 2021 to be satisfactory for a year where both energy costs, freight rates and raw material prices increased dramatically.

In connection with the change of ownership of Genan Group, a new bank agreement has been made, and the group has been refinanced through the new bank in January 2022. Because of a change of control clause in the old bank agreement, the full amount of the bank loan is classified as a current liability at the end of 2021.

The strategic focus of the group is to continue to optimise and develop core business, i.e. the production and sale of recycled ELT rubber products. Besides this business area, the group will continue to focus on the development of refined products (custom products and alternative areas of application) which, when developed, are expected to bring the group in a positive direction. However, focus will primarily be on products closely related to the core competences of the group, which is granulate production. The development of custom products and new areas of application takes time, and the process is expected to be ongoing in the years to come.

The parent company, MIE5 Holding 10 ApS, has no real operating activities besides being the holding company.

Outlook

The outlook for 2022 is marked by great uncertainty, although the worst part of the pandemic seems to be over. Hence, the very high energy prices seen in 2021 and the historically high freight rates have also had negative impact on the 2022 budget. On the other hand, a continuously high steel price level is also assumed in the 2022 budget. Because of these uncertainties, the 2022 budget shows a result somewhat lower than the 2021 full year result. With the Russian invasion of Ukraine at the beginning of 2022, triggering historically high energy costs in Europe, uncertainty has not been reduced. The 2022 result for the Group will thus depend on both the ability to reflect the much higher cost level in the sales prices and on continuously high steel prices – to compensate for the negative impact of energy prices and freight rates.

Research and development activities

Product development is an important element in the strategy of the Group. This goes for the applications of existing products as well as for the development of new, value-added products based on rubber granulate and rubber powder. The development of these value-added products is time-consuming in both the development phase and the market penetration phase – but in the long run, such value-added products are expected to bring the group in a positive direction.

Statutory report on corporate social responsibility

In a Danish context, Corporate Social Responsibility (CSR) is defined in section 99a of the Danish Financial Statements Act, according to which large companies are required to provide a nonfinancial statement accounting for environmental considerations, including the company's efforts to reduce the climate impact of company activities, social responsibility, working conditions as well as considerations in relation to the respect for human rights and the prevention of bribery and corruption.

The Group has based its CSR Policy on – and supports – all 17 Sustainable Development Goals of the UN to transform the world. The core business concept is mainly focused on the endeavours to reach goal no. 12 (to ensure sustainable consumption and sustainable production patterns) as well as goal no. 13 (to take urgent action to combat climate change and its impacts).

The Group successfully qualified for the following ISO certifications at global level:
450001:2018 – Occupational Safety
50001:2018 – Energy
14001:2015 – Environment
9001:2015 – Quality

The CSR Policy of the Group can be found on the website: www.genan.com.

The CSR Policy contains information about policies for and activities and risks related to the following areas:

- Human rights and business ethics,
- Staff and working conditions,
- Social responsibility,
- Environmental and climate-related considerations

Basic business model
The basic business concept is to process a waste stream – end-of-life tyres – into new, valuable raw materials (secondary raw materials / raw materials from recycling), the quality of which is so high that they can substitute virgin rubber and steel.

When end-of-life tyres are processed into new rubber and steel by means of Genan technology, environmental and climate problems, which would otherwise arise, if tyres were deposited in landfills or incinerated, are avoided.

The whole raison d'être of Genan is thus completely and deeply rooted in the principles of sustainability and circular economy. When the Group produces secondary raw material in the form of rubber and steel, production of new rubber and steel at rubber plantations and through iron ore mining respectively is avoided.

For many years, the deforestation of jungle and rain forest areas to make room for new rubber plantations, primarily in Asia, has been considered a big problem in relation to both loss of biodiversity and the reduction of CO2 absorption from the atmosphere. Similarly, iron ore mining results in environmental problems with wastewater, slag as well as consumption of the limited resources of the planet. By reusing the raw materials from end-of-life tyres to substitute new rubber and steel, the Group thus contributes to the promotion of environmental responsibility and the furthering of environmentally and climate friendly technologies.

Environmental and climate-related considerations
Policy
The Group shall continuously take initiative to the greatest responsibility possible in respect of climate and environment – and take a precautionary approach in these matters. Taking its own business interests in account, The Group bears a global responsibility to disseminate technological expertise and knowhow about the optimum, environmental recycling of end-of-life tyres – thus furthering global, circular economy. The Group is committed to continuously assessing its climate-related and environmental footprint, using the most renowned research as well as independent peer review of results. The Group is transparent in relation to environmental and climate-related matters. As the group processes a waste stream (end-of-life tyres), the Group has furthermore committed itself not to export waste in the form of unprocessed tyres – but only process high-quality secondary raw materials.

Implementation
The Group is in continuous and transparent dialogue with authorities, NGOs and business partners concerning environmental and climate-related issues. The Group initiates quality research – and in 2020, Genan Group published a comprehensive and peer reviewed LCA study. In this study, the climate and environmental footprint of the company was analysed in relation to 16 different impact categories – including global warming, where a conservative approach has ascertained that for each tonne of tyres recycled instead of incinerated, the climate is spared the emission of minimum 700 kg of CO2 equivalents. The six factories thus have the capacity to reduce annual CO2 emission to the atmosphere by minimum 280,000 tonnes of CO2.

In addition to this, the Group made a comprehensive carbon footprint cradle-to-gate study in 2021 – verified by an independent, scientific third party. This cradle-to-gate study analyses the carbon footprint of the output fractions from the plants for use in the customers' own carbon footprint calculations, when they substitute virgin materials with recycled products from the Group. With this study, the Group increased transparency in relation to environmental impact.

The carbon footprint cradle-to-gate study shows that the recycling processes at the Group make up the majority of the total cradle-to-gate footprint. Transport processes are responsible for less than 10% of the total, and sales packaging accounts for the remaining around 5% of the carbon footprint.

In the continuous effort to improve our climate footprint, the Group works purposefully to protect the environment, and we strive to make environmentally friendly choices in our day-to-day operations. As part of producing as environmentally friendly as possible, all factories have implemented the ISO 14001 Environmental Management System. Central elements of ISO 14001 are to produce in an environmentally sound manner and to ensure a continuous improvement of the environmental impact. In addition, all factories have implemented the ISO 50001 Energy Management System in 2021 as part of the ongoing energy optimisation of production. Key elements in this are to screen possible energy optimisation projects and continuously implement these.

Risks
Running a process industry will inevitably involve environmental impact, as such industry is energy-consuming.

Furthermore, there is a negative impact on CO_2 emissions from the transport of materials – both raw material to the factories and finished products to the customers.

Results and future expectations
In 2021, the Group undertook several projects and tasks to increase energy efficiency. Despite these efforts, total energy consumption per tonne produced increased by 7.4% in 2021 compared to Genan Group 2020. One reason for this is the reduction of production days at three plants. The reduction of production days results in lower energy efficiency per tonne produced.

Additionally, customer demand for fine-cut products increased by 6.8% in 2021 compared to Genan Group 2020. The finer the product, the more cuts to be made, which automatically leads to a higher energy consumption per tonne produced.

In 2022, the Group will remain focused on reducing our environmental footprint, continuing to implement energy optimisation projects in the production. Furthermore, the Group will continue to strive for a sustainable future by increasing the recycling of a valuable resource – end-of-life tyres – thereby reducing CO_2 emissions.

The Group aims to increase the number of production days to profit from a higher energy efficiency per tonne produced. Moreover, there is an ongoing process of replacing old motors and machines with more efficient techniques.

In 2022, the Group will also continue working towards implementing renewable energies. These discussions were already started in 2021.

Staff and working conditions
P*olicy*
Unlimited freedom of association is upheld at all factories, and each employee is free to choose his/her own affiliation.

Management recognises the right to collective bargaining with employees.

The Group has zero tolerance in relation to both forced labour and child labour – at own workplaces as well as at the workplaces of suppliers. Zero tolerance is furthermore shown in respect of discrimination on the basis of race, gender, religion or sexual orientation.

For both management and staff, workplace safety and the prevention of occupational injury have first priority. The Group’s overall target is zero work-related accidents at all the workplaces of the company.

Implementation
Enforcement of policies about employee rights and discrimination is part of the Group’s ongoing management development. The Group has furthermore set up a whistleblower scheme, through which confidential reporting can be made to an external law firm with expertise in whistleblower schemes. Reports can be submitted anonymously, should a whistleblower wish to do so. Not only employees but anyone associated with The Group can use the scheme – e.g. suppliers, customers and business associates. Throughout the period 14 October - 31 December 2021, no violations of the policies have been noted in relation to staff and working conditions – neither in daily operations nor through the whistleblower scheme.

Workplace safety is monitored through an extensive reporting system – at each individual workplace as well as at overall management level – where work-related accidents categorised as TF1 and TF2 (no. of accidents per 1 million hours worked) are registered in the same way as are monthly, financial results.

Risks
The main risks are related to work-related accidents and employees wearing down in physically demanding jobs.

Results and future expectations
In 2021, the Group managed to reduce the number of work-related accidents categorised as TF1 and TF2 (no. of accidents per 1 million hours worked) by 2.9% compared to the 2020 level of Genan Group. Although this did not meet the target of a 50% reduction in 2021, this reduction is a positive development – especially because there was a 50% reduction of TF1 incidents (accidents resulting in more than 24-hour absence). For 2022, the target is to reduce work-related accidents by another 50% compared to 2021.

Human rights and business ethics
Policy
The Group supports and respects the protection of internationally proclaimed human rights – and in its daily operations, the Group ensures not to contribute to the violation of these rights.

Implementation
Respect for human rights is part of the Group's corporate culture – and is continuously discussed among management and employees. Through its choice of suppliers, the Group ensures only to work with cooperating partners who share the company's values in this respect.

Human rights violations are not considered to be a high-risk area for the Group, as there is only very limited sourcing from high-risk areas. When receiving quotations from suppliers from high-risk areas, the Group always requests documentation of compliance with human rights. This is also an integral part of the ISO 9001 quality management system, which is implemented at all factories. Similarly, when entering into such agreements, the management is always involved.

Risks
The Group risks that either employees and/or suppliers fail to respect and comply with the Group's policy on human rights and business ethics. Apart from the fact that the violation of human rights is totally unacceptable from a business ethics point of view, such violation could, at worst, also have legal and financial consequences for the Group. The Group recognises the fact that it is difficult to demand that all suppliers sign a Code of Conduct Agreement, nor is it possible to visit all suppliers on a regular basis.

Results and future expectations
There have been no examples of criticisable circumstances in ongoing operations for the period 14 October - 31 December 2021. In 2022, the Group will continue the efforts in relation to human rights – and endeavour to ensure that the positive picture for 2021 will be painted in 2022 as well. Furthermore, focus will be on implementing the use of Code of Conduct for all suppliers.

Anti-corruption
P*olicy*
The Group has zero tolerance in relation to any kind of corruption, extortion or bribery. This applies both ways in relation to both authorities, customers and suppliers.

Implementation
The policy of zero tolerance in relation to corrupt conduct has been communicated at all levels of the organisation. Furthermore, the Group has implemented a "four-eyes-principle" which ensures that no purchases nor payments can be handled by one person only – but always involve at least two persons. In the same way, the extent to which sales staff can commit the company towards third parties has been determined. Violation of this company policy shall have consequences for the employment of the violator in question.

Risks
The Group risks that either employees, suppliers or customers fail to comply with policy on anti-corruption.

Results and future expectations
For the period 14 October - 31 December 2021, no violations were noted in relation to the zero-tolerance policy on corruption – neither in daily operations nor through the whistleblower scheme. In 2022, the Group will continue our efforts in relation to anti-corruption – and do not expect any violations in 2022 either.

Statutory report on the underrepresented gender
Since the Executive Board of MIE5 Holding 10 ApS consists of only 2 members, there is no obligation to report on target figures. MIE5 Holding 10 ApS has below 50 employees and is therefore not obligated to establish and account for a policy to increase the underrepresented gender of other management levels. There are no employees in other management levels.

Statutory report on data ethics policy
The Group has implemented a policy on data ethics, which reflects the commitment to the responsible management of data – based on the principles of honesty, transparency and accountability. The Group adheres to these principles in addition to applicable legislation to ensure that employees, customers, suppliers and consumers feel safe when entrusting the group with their data.
The Group Data Ethics Policy can be found on the group website: www.genan.com.

With this year's reporting on our Data Ethics Policy, the Group complies with the requirements under section 99(d) of the Danish Financial Statements Act.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2021

	Notes	2021 DKK'000
Revenue		167,403
Production costs		(152,291)
Gross profit/loss		**15,112**
Distribution costs		(5,198)
Administrative expenses	1	(21,406)
Other operating income	4	15,744
Operating profit/loss		**4,252**
Other financial income		1,800
Other financial expenses		(1,641)
Profit/loss before tax		**4,411**
Tax on profit/loss for the year		0
Profit/loss for the year	5	**4,411**

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000
Acquired intangible assets		715
Goodwill		23,293
Intangible assets	6	**24,008**
Land and buildings		239,830
Plant and machinery		175,094
Other fixtures and fittings, tools and equipment		29,974
Property, plant and equipment in progress		4,110
Property, plant and equipment	7	**449,008**
Other investments		125
Financial assets	8	**125**
Fixed assets		**473,141**
Raw materials and consumables		15,192
Work in progress		3,435
Manufactured goods and goods for resale		87,566
Inventories		**106,193**
Trade receivables		53,610
Deferred tax	9	21,500
Other receivables		34,539
Tax receivable		1,411
Receivables		**111,060**
Cash		**59,944**
Current assets		**277,197**
Assets		**750,338**

Equity and liabilities

	Notes	2021 DKK'000
Contributed capital		1,000
Retained earnings		186,130
Equity belonging to Parent's shareholders		**187,130**
Equity belonging to minority interests		**179,457**
Equity		**366,587**
Mortgage debt		12,547
Non-current liabilities other than provisions	10	**12,547**
Current portion of non-current liabilities other than provisions	10	258,297
Prepayments received from customers		5,926
Trade payables		31,141
Tax payable		2,480
Other payables		72,985
Deferred income	11	375
Current liabilities other than provisions		**371,204**
Liabilities other than provisions		**383,751**
Equity and liabilities		**750,338**
Staff costs	2	
Amortisation, depreciation and impairment losses	3	
Assets charged and collateral	13	
Transactions with related parties	14	
Group relations	15	
Subsidiaries	16	

Consolidated statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Contributed upon formation	40	0	40	0	40
Effect of mergers and business combinations	0	0	0	180,228	180,228
Increase of capital	960	177,800	178,760	0	178,760
Other entries on equity	0	3,148	3,148	0	3,148
Profit/loss for the year	0	5,182	5,182	(771)	4,411
Equity end of year	**1,000**	**186,130**	**187,130**	**179,457**	**366,587**

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000
Operating profit/loss		4,252
Amortisation, depreciation and impairment losses		8,699
Working capital changes	12	2,085
Cash flow from ordinary operating activities		**15,036**
Financial expenses paid		(1,641)
Cash flows from operating activities		**13,395**
Acquisition etc. of property, plant and equipment		(6,943)
Acquisition of enterprises		(169,946)
Cash flows from investing activities		**(176,889)**
Free cash flows generated from operations and investments before financing		**(163,494)**
Repayments of loans etc.		(1,273)
Cash capital increase		178,800
Cash and cash equivalents, from acquisition		45,911
Cash flows from financing activities		**223,438**
Increase/decrease in cash and cash equivalents		**59,944**
Cash and cash equivalents end of year		**59,944**
Cash and cash equivalents at year-end are composed of:		
Cash		59,944
Cash and cash equivalents end of year		**59,944**

Notes to consolidated financial statements

1 Fees to the auditor appointed by the Annual General Meeting

	2021 DKK'000
Statutory audit services	249
Other assurance engagements	9
	258

2 Staff costs

	2021 DKK'000
Wages and salaries	24,163
Pension costs	1,709
Other social security costs	2,501
Other staff costs	719
	29,092

Average number of full-time employees	**327**

There have been no remuration to Exucutive Board.

3 Depreciation, amortisation and impairment losses

	2021 DKK'000
Amortisation of intangible assets	775
Depreciation on property, plant and equipment	7,924
	8,699

4 Other operating income

Other operating income include Badwill, in regards to purchase of Genan Holding A/S.

5 Proposed distribution of profit/loss

	2021 DKK'000
Retained earnings	5,182
Minority interests' share of profit/loss	(771)
	4,411

6 Intangible assets

	Acquired intangible assets DKK'000	Goodwill DKK'000
Addition through business combinations etc	788	23,995
Cost end of year	**788**	**23,995**
Amortisation for the year	(73)	(702)
Amortisation and impairment losses end of year	**(73)**	**(702)**
Carrying amount end of year	**715**	**23,293**

7 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Addition through business combinations etc	237,110	171,207	24,960	13,589
Exchange rate adjustments	4,123	2,480	537	0
Transfers	1,751	4,479	3,249	(9,479)
Additions	560	3,347	3,036	0
Cost end of year	**243,544**	**181,513**	**31,782**	**4,110**
Exchange rate adjustments	(1,824)	(2,193)	0	0
Depreciation for the year	(1,890)	(4,226)	(1,808)	0
Depreciation and impairment losses end of year	**(3,714)**	**(6,419)**	**(1,808)**	**0**
Carrying amount end of year	**239,830**	**175,094**	**29,974**	**4,110**

8 Financial assets

	Other investments DKK'000
Addition through business combinations etc	125
Cost end of year	**125**
Carrying amount end of year	**125**

9 Deferred tax

	2021 DKK'000
Tax losses carried forward	21,500
Deferred tax	**21,500**

Changes during the year	2021 DKK'000
From acquistion	21,500
End of year	**21,500**

Deferred tax assets
Management has on a regularly basis evaluated the recognition and measurement of deferred tax assets. It's the management's assessment that the group's earnings support partial recognition of the deferred tax assets. The deferred tax assets is calculated and recognized based on expectations for realization within 3-5 years.

10 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Mortgage debt	4,818	12,547	1,944
Bank loans	253,479	0	0
	258,297	**12,547**	**1,944**

Bank loans are refinanced in the beginning of 2022.

11 Deferred income

Deferred income include received grants related to investments. These amount are amortised on a straight-line basis over the useful lives of the investments.

12 Changes in working capital

	2021 DKK'000
Increase/decrease in inventories	(5,754)
Increase/decrease in receivables	17,924
Increase/decrease in trade payables etc.	(10,085)
	2,085

13 Assets charged and collateral

Mortage debt is secured by mortgages on properties. The mortgage also includes the production facilities and machines that belong to the property. The carrying amount of pledged assets amounts to 112,555 t.kr. per. 31.12.2021.

There is a registered owner mortgage deed nom. 566,000 t.kr. in the group's properties pledged as security for bank debt. The carrying amount of pledged assets amounts to 423,572 t.kr. per. 31.12.2021

The Group has issued a guarantee statement to third parties amounting to 20.660 t.kr.

14 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were identified during the financial year.

15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
MIE5 Holding 10 ApS, CVR-nr: 42336726, København K.

16 Subsidiaries

	Registered in	Corporate form	Ownership %
Genan Holding A/S	Denmark	A/S	51.00
- Genan A/S	Denmark	A/S	100.00
- Genan Ltd.	England	Ltd.	100.00
- Genan Inc.	USA	Inc.	100.00
- Genan Gruppen GmbH	Germany	GmbH	93.99
- Genan GmbH	Germany	GmbH	100.00
- Genan, S.A.	Portugal	S.A.	100.00
Investeringsselskabet af 4. juli 2018 ApS	Denmark	ApS	51.00

Parent income statement for 2021

	Notes	2021 DKK'000
Administrative expenses		(83)
Operating profit/loss		**(83)**
Other financial expenses	2	(22)
Profit/loss for the year	3	**(105)**

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000
Investments in group enterprises		178,347
Financial assets	4	**178,347**
Fixed assets		**178,347**
Other receivables		128
Receivables		**128**
Cash		**7,178**
Current assets		**7,306**
Assets		**185,653**

Equity and liabilities

	Notes	2021 DKK'000
Contributed capital		1,000
Retained earnings		177,695
Equity		**178,695**
Trade payables		6,936
Other payables		22
Current liabilities other than provisions		**6,958**
Liabilities other than provisions		**6,958**
Equity and liabilities		**185,653**
Staff costs	1	
Contingent liabilities	5	
Related parties with controlling interest	6	
Transactions with related parties	7	

Parent statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Contributed upon formation	40	0	40
Increase of capital	960	177,800	178,760
Profit/loss for the year	0	(105)	(105)
Equity end of year	**1,000**	**177,695**	**178,695**

Notes to parent financial statements

1 Staff costs
There have been no remuration to Exucutive Board.

2 Other financial expenses

	2021 DKK'000
Other interest expenses	22
	22

3 Proposed distribution of profit and loss

	2021 DKK'000
Retained earnings	(105)
	(105)

4 Financial assets

	Investments in group enterprises DKK'000
Additions	178,347
Cost end of year	**178,347**
Carrying amount end of year	**178,347**

A specification of investments in subsidiaries is specified in the notes to the consolidated financial statements.

5 Contingent liabilities
The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

6 Related parties with controlling interest
Maj Invest Equity 5 K/S, CVR-nr. 35441379, København K owns 100% of the shares in the Entity, thus exercising control.

7 Non-arm’s length related party transactions
Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were identified during the financial year.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

Non-comparability
This is the company's first annual report. Therefore there is non-comparability.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority interests’ pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year.

Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

Distribution costs
Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc., and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses
Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income
Other financial income comprises interest income, exchange gains payables and transactions in foreign currencies, amortisation of financial assets, etc.

Other financial expenses
Other financial expenses comprise interest expenses, exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises and other Danish consolidated companies. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	10-50 years
Plant and machinery	3-30 years
Other fixtures and fittings, tools and equipment	3-20 years

Estimated useful lives and residual values are reassessed annually. Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Other investments
Other investments comprise listed securities which are measured at cost, and unlisted equity investments measured at the lower of cost and net realisable value.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash
Cash comprises cash in hand and bank deposits.

Minority interests
On initial recognition, minority interests are measured at the minority interests’ share of the acquiree’s net assets measured at fair value. No goodwill related to the minority interests’ equity interests in the acquiree is recognised.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.